

The SRF for Drinking Water

To facilitate compliance with the Safe Drinking Water Act, Congress authorized funding to seed a revolving fund for low-interest loans. South Carolina received its first capitalization grant in October 1997. The grants annually make available about \$8 million for loans for drinking water facilities.

Loans are made for projects in accordance with the priorities and funding plan of the Intended Use Plan, first developed in the summer of 1997. The plan is reviewed and updated annually.

The Department of Health & Environmental Control (DHEC) administers the technical and programmatic portions of the program, while the Budget and Control Board (BCB), Office of Local Government makes the loans and manages the financial aspects of the drinking water SRF (DWSRF).



ELIGIBLE APPLICANTS

Municipalities, counties and special purpose districts. The DWSRF is also available to non-profit corporations established under 33-35-10 et. seq. of the S.C. Code.

ELIGIBLE ACTIVITIES

Water supply or distribution system improvements necessary to comply with the Safe Drinking Water Act and protect public health.

GENERAL LOAN TERMS & POLICIES

- Below-market fixed rate financing. Standard loan terms for FY 2000 are 3.50% for 20 years. Alternative financing may be available for disadvantaged communities.
- Availability of deferral periods on principal and interest.
- Up to 100% financing of all eligible costs.
- Opportunity to refinance the costs of preconstruction engineering.

FINANCIAL REQUIREMENTS

Each loan applicant must establish one or more dedicated repayment sources that contain sufficient revenues to operate and maintain the system and cover debt service payments over the life of the loan. User charges, special assessments, general taxes or other sources qualify.

COST SAVINGS

DWSRF interest rates, which are set each year 1.5 to 2 percentage points below market rates, can significantly reduce annual debt service costs.

FEDERAL REQUIREMENTS

Certain federal requirements apply to loans made under the DWSRF. Key components include:

- Engineering reports should address an environmental review.
- Construction bid documents must address MBE/WBE issues.
- Property acquisition must comply with federal regulations.

LOAN CLOSING FEE

A loan closing fee of 1.5% of total project costs is required to support the costs of administering the DWSRF. This closing fee is less than the total costs involved in issuing revenue bonds.

PRIORITY LIST

All projects must be on the DHEC DW-SRF Priority List to be eligible for a loan. DHEC updates the list annually to be able to identify fundable projects for the following year.

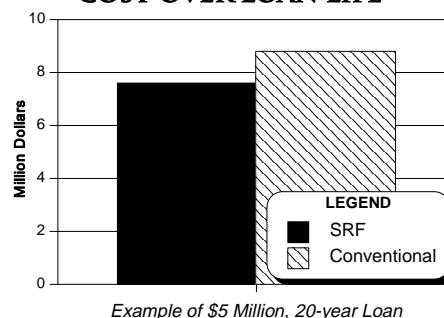
HOW TO OBTAIN A LOAN

- Consult with DHEC for guidance on:
 - ☞ Preparing a preliminary engineering report and plans & specifications for SRF projects.
 - ☞ Determining priority ranking of the proposed project.
- When preliminary engineering report and plans/specifications are completed and approved by DHEC, submit loan application to the BCB.

APPLICATION TIMETABLE

From October 1 through June 30 of each fiscal year, loan applications for DHEC-approved projects will be accepted by the BCB on a first-come, first-considered basis, while recognizing ranking on the priority list.

COST OVER LOAN LIFE



Getting more information:

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